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TRS.OQ - Q3 2025 TriMas Corp Earnings Call

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PRESENTATION

Operator

Greetings, and welcome to the TriMas third quarter 2025 earnings conference call. (Operator Instructions) As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Sherry Lauderback, Vice President, Investor Relations and Communications. Thank you. You may begin.

Sherry Lauderback - *TriMas Corp - Vice President, Investor Relations and Communications*

Thank you, and welcome to TriMas Corporation's third quarter 2025 earnings call. Participating on the call today are Thomas Snyder, TriMas' President and CEO; and Teresa Finley, our Chief Financial Officer. We will provide our prepared remarks on our third quarter results and full year outlook, and then we will open up the call for questions. In order to assist with the review of our results, we have included today's press release and presentation on our company website at [trimas.com](https://www.trimas.com) under the Investors section. In addition, a replay of this call will be available later today by calling a 877 660-6853, meeting ID of 13756458.

Before we get started, I would like to remind everyone that our comments today may contain forward-looking statements that are inherently subject to a number of risks and uncertainties. Please refer to our most recent Form 10-K and 10-Q to be filed later today for a list of factors that could cause our results to differ from those anticipated in any forward-looking statements.

Also, we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law. We would also direct your attention to our website where considerably more information may be found. In addition, we would like to refer you to the appendix in our press release or presentation for the reconciliations between GAAP and non-GAAP financial measures used today during the call. The discussion today on the call regarding our financial results will be on an adjusted basis, excluding the impact of special items.

At this point, I'll turn the call over to Tom. Tom?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Thank you, Sherry. Good morning, everyone, and thank you for joining us today. As I conclude my fourth month as CEO, I remain energized by the opportunity to lead this great organization. Over these four months, I've had the privilege of engaging with our teams around the world, visiting 16 facilities, listening to our employees and gaining a deeper understanding of operations and the opportunities that lie ahead. What I've seen is a company with solid capabilities powered by talented people and deeply committed to delivering value for our customers and our shareholders.

At the same time, we have identified opportunities for continuous improvement, areas where I believe we can evolve, innovate and enhance our foundation for the future. Let's turn to slide 3. This quarter, we've continued to take meaningful steps to strengthen our company and position

TriMas for long-term success. I'd like to take a moment to highlight a few initiatives on this call. First, we're launching a comprehensive global operational excellence program to drive continuous improvement, enhance efficiency and share best practices across our footprint.

This will be our company-wide operating system rooted in Lean Six Sigma principles and designed to improve safety, quality, delivery and cost while increasing speed and standardization.

In the next two weeks, we'll begin implementation within our packaging business at two larger locations in Indiana and Mexico as initial model lines for this rollout. We expect to use these pilots to prove benefits, refine the playbook and then scale across the network, supported by visible daily management and leadership accountability. Over the next month, we are beginning a comprehensive strategic planning process. While strategic assessments are a regular part of our annual cycle, this year's approach goes much deeper. We will rigorously assess where we win, where untapped potential exists and where to focus going forward.

Using internal and external data structured strategy tools and fresh voice of the customer input, we will develop a Hoshin Kanri road map often called True North Alignment that cascades from the enterprise value to each division and site.

This work will set clear direction on our most important objectives, define actionable initiatives and assign ownership and time lines for accountability. Our goal is simple: align the entire One TriMas team on the few priorities that matter most and ensure consistent execution across the company. In our Packaging group, we've also launched the One TriMas branding initiative, a strategic effort to unify and elevate our brand identity and organizational culture across all regions and business units.

Our goal is to consolidate the six-plus legacy brands into one consistent brand across TriMas Packaging, creating a more cohesive and compelling experience for our customers and our employees, enhancing cross-selling opportunities and simplifying and fine-tuning our message. As part of this effort, we are conducting internal and customer-facing interviews to gain deep insights as to how our brand is perceived, where we can improve and how we can more effectively communicate the value we deliver.

Additionally, we have successfully rolled out our new ERP system to a second location, significantly streamlining our operations and enhancing data visibility. We will continue to invest in automation and tools to enhance productivity, provide critical business data and increase responsiveness. These investments will help us reduce costs, improve consistency and free up our teams to focus on higher-value activities. And finally, as part of our global manufacturing optimization strategy, we are starting to actively evaluate our capacity and footprint to better support growth, enhance operational efficiency and respond to evolving market dynamics.

In light of evolving trade policies, including tariffs and the increasing customer demand for manufacturing flexibility, cost effectiveness and localized production, it is more important than ever that we have the right capabilities in the right locations. This effort involves a thorough assessment of our global operations to ensure we can deliver high-quality products efficiently while remaining agile and responsive to customer needs. We are analyzing production volumes, logistic flows, cost structures and regional demand patterns to determine where we can scale, consolidate or invest to optimize performance.

Together, these initiatives reflect our commitment to build a more agile, efficient and growth-focused enterprise. By strengthening our operational foundation, aligning strategic priorities and investing in our people and infrastructure, we are positioning TriMas to deliver sustainable value for our customers, employees and shareholders. I'm confident the actions we are taking will serve as a strong catalyst for long-term success. Before I shift gears to talk about our third quarter financial performance, I wanted to touch base on the Board-level strategic portfolio review we announced earlier this year. We are well into that process of evaluating our options and actively working on bringing this review to conclusion.

However, as we have said in the past, we're not able to specifically announce any updates at this time, but we'll let you know as soon as we can. The team remains committed to making decisions that serve the best interest of our company and our shareholders.

Turning to slide 4. I'm pleased to report a strong third quarter performance with year-over-year sales growth across all three segments. TriMas delivered over 16% organic sales growth, along with improved cash flow and earnings per share, driven by solid execution and disciplined operational management. TriMas Aerospace led the way, posting record quarterly sales with over 37% organic growth, expanded margins and a strong backlog

that supports continued momentum. TriMas Packaging remains on track for GDP plus growth, supported by ongoing improvement initiatives that position the business for enhanced performance as we look into 2026.

These results are a testament to the dedication and focus of our global teams. I want to sincerely thank all our employees for their hard work and continued commitment to delivering value.

With that, I'll turn it over to Teresa to walk through the financials and segment results for the quarter. Teresa?

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

Thank you, Tom. Let's turn to slide 5, highlighting our third quarter 2025 financial performance. We delivered another strong quarter with consolidated net sales reaching \$269 million, up more than 17% year-over-year. Organic growth exceeded 16% for the quarter, excluding the effects of currency fluctuations and acquisitions and dispositions. Sales from our February acquisition of GMT Aerospace in Germany contributed \$6.2 million, more than offsetting the \$5.2 million reduction from the divestiture of Arrow Engine in our Specialty Products segment.

Favorable currency exchange contributed an additional \$2.1 million to net sales, further increasing our overall growth for the quarter. Consolidated operating profit increased by 34% year-over-year to \$30.3 million, reflecting strong revenue growth and a 140 basis point expansion in our operating margin, led primarily by improvements in aerospace. This performance translated to a meaningful increase in consolidated adjusted EBITDA, which grew more than 25% to \$48 million with margin improvement of 110 basis points to 17.8%. Our adjusted earnings per share increased to \$0.61, representing a 42% increase compared to third quarter 2024.

Turning our year-to-date performance on slide 6. I won't spend too much time here as the trends closely align with our strong third quarter results. Year-to-date, sales are up 12.7%, driven almost entirely by organic growth of 12.6%. We've expanded our operating profit margin by 240 basis points to 11% and delivered diluted EPS of \$1.68, a 38% increase year-over-year. These results reflect the sustained momentum across our businesses and the disciplined execution of our initiatives.

Turning to the balance sheet and capital position on slide 7. We continue to maintain a solid and flexible balance sheet, supported by low interest rates and long-term debt with no maturities until 2029. Net debt declined from both prior periods as we continue to pay down the increase associated with the GMT Aerospace acquisition. As a result of higher earnings and ongoing debt reduction, our net leverage improved to 2.2x as of September 30, 2025, down from 2.6 times at the end of 2024. Free cash flow for the third quarter improved to \$26.4 million, bringing year-to-date free cash flow to \$43.9 million, more than triple the \$12.6 million generated during the same period last year.

This improvement reflects our enhanced operating performance and working capital management.

Overall, we believe our capital structure is well positioned to support both near-term operations and future strategic investments. Let's shift gears and take a closer look at our Q3 segment performance, beginning with packaging on slide 8. In the Packaging segment, organic sales grew 2.6% after adjusting for currency, reflecting continued strength in demand for dispensers in the beauty and personal care market. This was partially offset by softer demand for closures and flexibles, primarily used in food and beverage applications. Operating profit for the quarter was \$18.2 million, a 4.3% decline primarily due to a tough year-over-year comparison as third quarter 2024 included a \$1.1 million in gains from the sale of noncore properties.

As a result, operating margin contracted by 120 basis points to 13.4%, while adjusted EBITDA margin came in at 20.1%. Once again, our teams continued to navigate direct tariff impacts effectively through proactive commercial strategies, including pricing adjustments and supplier negotiations.

Looking ahead to full year 2025, we continue to expect GDP plus sales growth and relatively stable margins compared to 2024 as we continue to drive commercial discipline and continuous improvement initiatives that Tom mentioned earlier. With one quarter remaining, we're closely monitoring the evolving global tariff environment, which does remain one of the most significant external factors affecting the packaging industry. Longer term, we remain focused on positioning our package business for sustainable, profitable growth.

Turning to slide 9. I'll review our Aerospace segment. Our Aerospace Group delivered another record-setting quarter, once again surpassing \$100 million in revenue with a year-over-year sales increase of more than 45%. This outstanding performance was driven by continued strength in the aerospace and defense market, improved throughput against a robust order book, disciplined contract execution and \$6.2 million in acquisition-related sales from GMT, now operating as TriMas Aerospace Germany or as we call TAG.

The year-over-year comparison also benefited from the absence of a work stoppage that impacted Q3 2024 results. Operating profit more than doubled compared to the prior year with margins expanding by 860 basis points. Our trailing 12-month adjusted EBITDA margin now stands at 23% reflecting the aerospace team's strong execution across the board from accelerated factory floor and operational excellence initiatives to strategic procurement actions and delivering innovative solutions that meets evolving customer needs. Given our strong year-to-date performance, we remain confident in achieving full year 2025 organic sales growth of 20% plus, along with margin improvement of over 500 basis points versus 2024.

We're highly encouraged by the long-term growth outlook, supported by a healthy backlog and our continued focus on customer-driven innovation. To sustain this momentum, we are prioritizing targeted capital investments to expand capacity and drive further operational improvements across TriMas Aerospace.

If we turn to slide 10, I will now cover our Specialty Products segment. Norris Cylinder delivered improved performance in the third quarter with sales up 31% year-over-year as they continue to recapture market share. This growth more than offset the \$5.2 million reduction in sales resulting from the divestiture of Arrow Engine. As a result, the segment posted overall sales growth of 7.2% compared to Q3 2024. Operating profit for this segment was relatively flat year-over-year as the higher profit contribution related to Norris Cylinder was offset by the loss of profit related to the divestiture.

However, it's worth noting that Norris Cylinder grew operating profit year-over-year nearly 40%, while expanding margins another 50 basis points.

For full year 2025, we expect Norris Cylinder to deliver mid- to high single-digit sales growth with operating margins trending slightly higher year-over-year. We remain focused on driving operational efficiency and leveraging demand tailwinds to support continued profitable growth within the segment.

I will now turn the call back to Tom to provide further details on our outlook.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Thank you, Teresa. Let's now look -- turn to slide 11. As highlighted in our press release this morning, we are raising our full year 2025 outlook following three strong quarters. We're increasing both our sales and earnings per share guidance supported by continued strength in our Aerospace business. We now expect full year sales growth of approximately 10% compared to 2024 and adjusted earnings per share in the range of \$2.02 to \$2.12 as compared to the previous guidance of \$1.95 to \$2.10 per share.

At this new midpoint, this represents a 25% increase over last year's earnings per share of \$1.65, an encouraging step forward in our growth trajectory. While we expect much of this positive momentum to continue, it's important to note that Q4 typically reflects seasonal softness driven by fewer production days and customer holiday shutdowns.

Additionally, the evolving tariff environment continues to introduce uncertainty in customer ordering patterns and consumer demand, which we are actively monitoring. That said, we remain focused on mitigating these impacts through proactive planning and ongoing performance improvement initiatives.

Before turning to Q&A, I want to reiterate how pleased I am to be part of TriMas and how excited I am about our future. While each of our businesses, TriMas Packaging, TriMas Aerospace and Specialty Products is at a different stage in its cycle, all are well positioned to deliver long-term growth and value. I'm excited about what we can accomplish together, and I look forward to working with our teams, customers and investors to build an even stronger TriMas. Thank you. And with that, I'll turn the call back to Sherry.

Sherry Lauderback - *TriMas Corp - Vice President, Investor Relations and Communications*

Thanks, Tom. At this point, we would like to open the call to questions from our analysts.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ken Newman, KeyBanc Capital Markets.

Katie Fleischer - *KeyBanc Capital Markets Inc - Equity Analyst*

Hey, good morning, Teresa, I just wanted to clarify -- sorry, this is Katie on for Ken. I should have said that. Teresa, I wanted to clarify one of the comments you said when you were talking about expectations for packaging margins. Did I hear you say that there's -- you expect those to be relatively stable in full year '25 versus 2024?

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

Yes, that's correct, Katie. We expect about flat margins year-over-year.

Katie Fleischer - *KeyBanc Capital Markets Inc - Equity Analyst*

Got you. Okay. And then can you help us think about how much cost out benefited margins within Packaging this quarter? And then how much dry powder you think is left for improvement within that segment?

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

Well, I'll start, but I'll turn it to Tom. I think we see some definite upside on the activities that we're putting in place across the Packaging business. The continuous improvement initiatives that Tom referenced should certainly help us manage our costs going forward no matter what environment is presented to us in 2026. So we certainly see opportunities ahead.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Yes. We're early in that process. We're identifying opportunities. I anticipate a lot of activity, especially as we look towards next year and the opportunity to -- everything I said earlier really about optimizing our footprint, figuring out where we should be making what and then putting the tools of lean in place and driving standardization across these facilities. As we've talked before, these were really separate companies run independently in a lot of regards, not running to any best practices or any particular standards.

And so there's definitely a lot of opportunity to improve that. But again, we're early in that. We're kicking it off right now, and I look forward to continuing to report on that as we go forward.

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

Katie, I would add that in the quarter, as previous quarter and likely in Q4, we continue to manage our tariff pressures across the Packaging business. We're doing pretty well and managing that through pricing actions and procurement actions, but there is a bit of a headwind, obviously, on our

business and FX that we need to continue to try and overcome, maybe somewhere around 30 to 40 basis points in a given quarter. But we're doing well managing that, but that is a headwind we don't think is going to -- it doesn't look like it's going to disappear anytime soon.

Katie Fleischer - *KeyBanc Capital Markets Inc - Equity Analyst*

Got it. And then if I could just squeeze one more in here. I think Howmet had mentioned that they put it up 30% EBITDA margins in their fastener business recently. Any thoughts on how high the TriMas business could get and if that's a reasonable long-term goal?

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

We get that question a lot, Katie. We've had such great performance out of the Aerospace. But I would just say we like where our margins are today. We're looking at certainly balancing growth and balancing continuous increase in margin. We think there's always opportunities.

We're constantly looking at robotics and other things to take out costs and to create more throughput. So I don't want to say we're done, but I would say we like where we are today.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

I would just say, too, let me add to that and say that in the visits that I've been to in these facilities, there's a lot of activity about increasing throughput, value stream mapping their operations, identifying areas where they can reduce waste. They're energized about that. We're pretty excited to see kind of the work that they're doing in that area. And so I think between the throughput improvements that they're making in the plants and then the additional -- and we've talked about this before, the capacity that we had largely through adding human resources, skilled trades into these operations. That is one of the bottlenecks to continuing to improve throughput, and we do that in a very measured approach.

And so we did that this year. We have opportunities to continue to do that next year. So we'll see both, I think, throughput increase as well as productivity, overall volume and productivity, both in those aerospace facilities. Hopefully, that gives you a little bit of additional color.

Operator

Hamed Khorsand, BWS Financial.

Hamed Khorsand - *BWS Financial Inc - Analyst*

I just want to start off with on the packaging side. You've talked about different strategic events there and trying to manage the business. Why is it every quarter, there's a lot of moving parts associated with it. And do you feel like you're ahead of the curve or right at where the market is?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Can you explain a little bit when you say a lot of moving parts, what you're looking at, what you're thinking about?

Hamed Khorsand - *BWS Financial Inc - Analyst*

Sure. Like last quarter and two quarters prior, you were talking about the beauty market moving higher. This quarter, you're talking about how you're trying to manage the business with growth strengths. So I'm just trying to understand like do you actually have -- you're on the pulse of this business or you just plan...

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Yes. Let me -- I can give you a little bit of insight from my perspective here. We continue to see strong growth in the dispensing side of the business. Especially in certain markets, we see a lot of growth in Latin America. We continue to see that.

And I think we've been consistent, I think. I mean I haven't been here that long, but I think that's what we've been saying. The -- on the closure side of the business, it's been -- I think we've been consistent there as well. It's been softer than we'd like to see. And both in the U.S.

and in Europe for different reasons, perhaps. We've seen some softness. We're more beverage oriented in Europe, and we're more food-oriented, let's say, on the here.

So we've seen some, like I said, softness in that closures market. I think it's consistent with what we've been addressing all year. And the Industrial business, that continues to be a very stable business. This year, in fact, slightly growing for a very mature business. And so that's the -- if you want to talk about the moving parts, I mean, those are the parts that are moving.

Teresa Finley - *TriMas Corp - Interim Principal Financial Officer, Principal Accounting Officer, Director*

Hi, Hamed, I would just add that we've been consistent all year that we're going to turn out GDP plus growth, and we are on track to do that this year. So in terms of consistency there, I don't know if that helps with your question. That's helpful.

Hamed Khorsand - *BWS Financial Inc - Analyst*

And as you look out into 2026, is there anything that bothers you as far as clarity goes in the packaging business.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Well, overall, the situation we're talking about, the tariff situation, the lack of global, let's say, demand and economy, all those kind of macro factors that are going to impact any business, those always worry me a bit. But I tend to be a lot more optimistic than pessimistic when I think about next year because, again, I just think there's a lot of things that this business should have been doing that they weren't doing over the past. And I've addressed those in the plan that we laid out here a few minutes ago as far as looking into the future. So I know consolidating our businesses into like one brand, bringing broader awareness to our customers. I mean a lot of customers don't even know TriMas, let's say, when I say not necessarily our customers, but broadly into the packaging space.

When you talk about TriMas, they might know some of the brands. They're closer to some of those individual historic brands, but they don't know the breadth or the depth of kind of what we can provide. And we've seen some firsthand situations here recently where there's been some real surprise, like, Oh, you do that, that's great. So I think we're going to. That's a really important thing. And then getting our plants operationally aligned and driving best practices, that's something that should have been done from the time these plants were acquired.

And so we're going to see improvements on the operating side. We're going to see improvements on the commercial side. And I'm very comfortable with an optimistic view as we look forward.

Hamed Khorsand - *BWS Financial Inc - Analyst*

Great. And just lastly, on the aerospace side, how does your order book look for '26. And Do you have the capacity to grow compared to 2025 levels on a unit volume basis?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Yes. Our order book is order booked for the most part, right, for 2026. It's a very, very strong backlog. And then we did add some -- spend some capacity -- some CapEx this year to meet the demands of some of our contracts moving forward. And as I mentioned earlier, we're constrained primarily around our skilled resources that we have in our facilities.

They're very high skilled tradesmen that are operating in these facilities. We grow capacity roughly 10% a year, somewhere in that area based on the amount of people that we feel is responsible to add and train and bring up to speed in this highly quality-oriented business.

Operator

We have reached the end of our question-and-answer session. I would like to now turn the floor back over to management for closing comments.

Sherry Lauderback - *TriMas Corp - Vice President, Investor Relations and Communications*

Once again, thank you for joining us today and for your continued interest in TriMas. We appreciate your ongoing support, and we look forward to updating you on our progress next quarter. Thank you.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Thank you, everyone.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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